

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF PHELPS) CASE NO. 8562-L
GAS COMPANY, INC.)

O R D E R

On November 30, 1982, the Commission issued its Order in Case No. 8562 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On April 2, 1984, Phelps Gas Company, Inc., ("Phelps") notified the Commission that its wholesale cost of gas would be decreased by its supplier, Columbia Gas of Kentucky, Inc., ("Columbia") effective April 1, 1984, and submitted with its notice certain information in compliance with its purchased gas adjustment clause on file with this Commission.

Subsequent to Phelps' notice of April 2, 1984, Columbia notified its wholesale customers of a further reduction in rates based on a new purchase agreement with Columbia LNG Corporation. The revised rates will be effective April 1, 1984. The Commission recognizes this decrease and is of the opinion that Columbia's revised rate of \$5.480 per Mcf, rather than \$5.500 per Mcf as originally filed, should be used in calculating Phelps' adjustment in rates.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

(1) On March 8, 1984, Columbia notified Phelps that its wholesale cost of gas would be decreased effective April 1, 1984.

(2) Phelps' notice of April 2, 1984, set out certain revisions in rates which Phelps proposed to place into effect, said rates being designed to pass on the wholesale decrease in price from its supplier in the amount of 19.1 cents per Mcf.

(3) On March 29, 1984, Columbia filed revised rates to be effective April 1, 1984, to give effect to a favorable new purchase agreement with Columbia LNG Corporation. Columbia notified Phelps that its wholesale cost of gas would be reduced an additional 2 cents per Mcf.

(4) Phelps' adjustment in rates should be based on Columbia's revised wholesale rates effective April 1, 1984. The proposed rates should be reduced by a factor of 2 cents per Mcf to reflect Columbia's revision.

(5) Phelps should report to the Commission any excess revenues collected from April 1, 1984, to the date the proposed rates are implemented, along with a plan to refund any excess collections to its customers.

(6) Phelps' adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 8562 dated November 30, 1982, is fair, just and reasonable and in the public interest and should be effective with gas supplied on and after April 1, 1984.


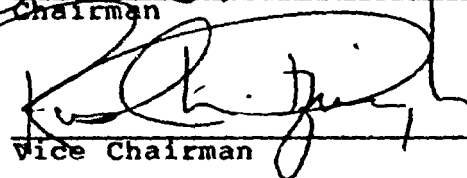

IT IS THEREFORE ORDERED that the rates in the Appendix to this Order be and they hereby are authorized effective with gas supplied on and after April 1, 1984.

IT IS FURTHER ORDERED that within 30 days of the date of this Order Phelps shall report to the Commission any excess revenues collected from April 1, 1984, to the date the proposed rates are implemented, along with a plan to refund any excess collections to its customers.

IT IS FURTHER ORDERED that within 30 days of the date of this order Phelps shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 17th day of April, 1984.

PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman

Commissioner

ATTEST:

Secretary

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 8562-L DATED April 17, 1984.

The following rates and charges are prescribed for the customers served by Phelps Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES: Monthly

First 1 Mcf	\$9.01 Minimum Bill
Over 1 Mcf	6.71 Per Mcf

The base rate for the future application of the purchased gas adjustment clause of Phelps Gas Company, Inc., shall be:

Commodity

Columbia Gas of Kentucky, Inc.	\$5.480 per Mcf
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